

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE REQUEST OF B & H GAS COMPANY)	
FOR APPROVAL OF EMERGENCY)	CASE NO.
PURCHASES OF NATURAL GAS FROM)	8981
KENTUCKY WEST VIRGINIA GAS COMPANY)	

O R D E R

On January 30, 1984, B & H Gas Company ("B & H") notified the Commission that it will not have sufficient gas to supply its customers during January, February and March 1984, and requested approval to make emergency purchases from Kentucky West Virginia Gas Company ("Kentucky West") for a period of 91 days, and to recover the additional cost of the emergency purchases by applying a surcharge to customers' bills on a usage basis.

After reviewing the notice filed in this case and being advised, the Commission is of the opinion and finds that:

1. B & H has filed adequate information in requesting emergency purchases and a surcharge to recover the cost.

2. B & H does not have sufficient gas to supply its customers' needs at the present time. Its request for emergency deliveries of natural gas from Kentucky West is in the best interest of the customers and should be approved.

3. The rate to be charged for the emergency purchases will be the same rate charged city gate customers under rate schedule GSS-1 of Kentucky West's Federal Energy Regulatory Commission Tariff No. 1. At this time the rate is \$5.43 per Mcf. B & H should notify the Commission if its supplier's rate is increased or decreased so that B & H can adjust its surcharge accordingly.

4. The additional cost for the emergency purchases will be approximately \$14,956 and should be collected in the form of a surcharge to be added to the existing rates of B & H. In calculating this surcharge B & H priced the gas supplied by Bradley at \$0.80 per Mcf instead of the current cost of \$1.00 per Mcf. By implementing the correct price the result would be a required surcharge of \$1.02 per Mcf rather than \$1.07 per Mcf as proposed by B & H. B & H then reduced this amount by \$0.44 per Mcf for \$5651 of overcollections of surcharge revenues for January, February and March 1983. This resulted in a proposed surcharge of \$0.63 per Mcf. However, by considering the current cost of gas the surcharge should be \$0.58 per Mcf and should be applied to the billings for the months of January, February and March 1984.

5. B & H should maintain its records in such a manner that at the end of March 1984 any overcollection or under-collection can be readily determined.

6. B & H should file with the Commission a statement of gas costs and revenues collected at the end of March 1984,

and, if necessary, a plan to balance its account with Kentucky West.

7. The Commission notes that B & H was allowed a surcharge in Case No. 8752, the request of B & H Gas Company for approval of Emergency Purchases of Natural Gas from Kentucky West Virginia Gas Company for 120 Days and approval of a surcharge, for the same reasons as mentioned herein. B & H however failed to file a timely report of gas costs and collections as previously ordered. If the report mentioned in Finding No. 6 is not filed within the time frame identified in that Finding, the Commission will institute show cause proceedings against B & H.

8. B & H did not give notice of the proposed surcharge and notice as to intervention to its customers.

IT IS THEREFORE ORDERED that B & H's request to make emergency gas purchases from Kentucky West is in the public interest and is hereby approved for a period of 91 days beginning January 1, 1984.

IT IS FURTHER ORDERED that B & H shall recover the additional cost of emergency purchases from Kentucky West in the form of a surcharge to be added to the present rates now being charged by B & H. The amount of the surcharge shall be 58 cents per Mcf and shall be applied to the billings for the months of January, February and March 1984.

IT IS FURTHER ORDERED that B & H shall notify the Commission if its supplier's rate is increased or decreased so that B & H can adjust its surcharge accordingly.

IT IS FURTHER ORDERED that B & H shall maintain its records in such a manner that at the end of March 1984 any overcollection or undercollection can be readily determined.

IT IS FURTHER ORDERED that B & H shall file with the Commission a statement of gas costs and revenues collected at the end of March 1984, and, if necessary, a plan to balance its account with Kentucky West. If this statement is not filed within a timely manner the Commission will institute show cause proceedings against B & H.

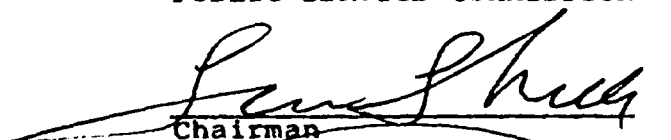
IT IS FURTHER ORDERED that B & H shall mail to each customer a typewritten or printed notice of the proposed surcharge and the reason for the surcharge, said notice to also include a statement to the effect that any corporation, body politic or person may request leave to intervene and may request that a hearing be scheduled by the Commission. The notice shall also state that the Motion shall be submitted to the Public Service Commission, 730 Schenkel Lane, P. O. Box 615, Frankfort, Kentucky 40602, within 30 days after notice of the proposed surcharge is given and shall set forth the grounds for the request and the interest of the party. Alternatively, B & H shall publish once a week for 2 consecutive weeks in a newspaper or newspapers of general circulation in its service area notice of the proposed surcharge, said publication to include the above statement relative to intervention and hearing.

IT IS FURTHER ORDERED that B & H shall file proof of notice with the Commission.

IT IS FURTHER ORDERED that within 30 days from the date of this Order B & H shall file its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 2nd day of March, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8981 DATED MARCH 2, 1984

The following rates are prescribed for the customers in the area served by B & H Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect prior to the date of this Order.

RATES: Monthly

First	2 Mcf	\$5.4807 (Minimum Bill)
Next	8 Mcf	2.5183 per Mcf
Next	20 Mcf	2.1965 per Mcf
Over	30 Mcf	2.0033 per Mcf

There shall be a surcharge in the amount of 56 cents per Mcf applied to billings for the months of January, February and March 1984.